



To: Offices of University Advancement and Financial Affairs

From: Michael O'Neill, Vice President for University Advancement

Date: May 13, 2013

Subject: Gift Acceptance and Recognition Guidelines

C.C. Father Peter Donohue, O.S.A, President  
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Ken Valosky, Vice President, Administration and Finance  
Neil Horgan, Associate Vice President, Finance and Controller  
Alfonso Ortega, Associate Vice President, Research and Graduate Programs

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Please find enclosed the latest version of the University's gift acceptance and recognition guidelines, which have been updated in consultation with the general counsel, financial affairs and research administration offices.

We have included information on counting gifts toward the campaign, procedures for gifts-in-kind, and foundation grants.

If you have any questions about the guidelines or procedures for accepting gifts on behalf of the University, please contact Cathleen Parsons-Nikolic, Associate Vice President of Development Operations at [cnikolic@villanova.edu](mailto:cnikolic@villanova.edu) or 610-519-7973.

**Villanova University**  
**Gift Acceptance and Recognition Guidelines – May 2013**

Gifts to Villanova University (“University”), a 501 (c)(3) organization, will be accepted for purposes consistent with the University’s mission, in support of the priorities endorsed by the University Administration and the Board of Trustees. The following policies seek to assure that all gifts will provide maximum benefit to the University, to the donor, and to the donor’s heirs. Except where stated otherwise, these policies are intended as guidelines. The University will seek the advice of qualified legal and financial counsel whenever appropriate. Donors are always encouraged to consult with their own legal and financial advisors when considering special gifts.

**General Guidelines**

- Donors are encouraged to make outright gifts of cash or marketable securities. Programs have also been developed to accommodate a variety of philanthropic planning objectives.
- Commitments to the University may be made through outright gifts or pledges over a five-year period and may include:
  - Cash or cash equivalents
  - Securities or other types of appreciated assets
  - Charitable remainder and lead trusts, gift annuities, and pooled life income trusts
  - Insurance policies (with Villanova as owner/beneficiary and a guaranteed death benefit. Pledge period cannot exceed ten years)
  - Documented bequest provisions subject to the age of the donor (age 65 before December 31, 2018.)
  - Real and personal property, equipment, art work, and other gifts-in-kind
  - Corporate, federal, state, and private matching funds
- Pledges documented in writing and scheduled for payment in full no later than five years from the date of the pledge will be counted in full at the time of the pledge.
- All non-standard contributions, such as rare works of art, books or manuscripts or closely held stock, must be reviewed and approved by the Office of Financial Affairs, in consultation with the Office of Vice President and General Counsel. As defined by the IRS, non-standard contributions include items that are not reasonably expected to be used by the University to further its mission, are not readily marketable, and the value of which are highly speculative or difficult to ascertain.
- Investment earnings on gifts are excluded from gift counting and credit.

## **Gift Documentation**

- All multi-year pledges and planned gifts to the University require written documentation in the form of a gift agreement (for outright gifts), Bequest Intention Form, pledge form, testamentary gift agreement, contract, or copies of trust/estate/gift documents (for planned gifts). Pledges will not be credited without proper documentation. All gifts and pledges will be recorded in compliance with IRS regulations and the Council for the Advancement and Support of Education (CASE) and Financial Accounting Standards Board (FASB) regulations.

## **Standards of Conduct**

- The primary role of University employees involved in fundraising for the University is to inform, serve, guide and assist individuals, families, and organizations in realizing their philanthropic objectives. Employees, including consultants and advisors, shall be paid a salary, wage, or fee by the University and shall not be compensated with a commission on such gifts.
- The University will not knowingly accept gifts that result in an unethical or illegal advantage to the donor or to a third party. In situations where staff members, advisors or consultants retained by the University prepare documents or render advice in any form to a potential donor, it shall be disclosed to the donor that the professional involved is employed by the University and is not acting on behalf of the donor.
- Certain gift circumstances may require additional review by our gift acceptance committee, consisting of the vice presidents of advancement, financial affairs and general counsel, or their appointed designees.

## **Gift Recognition**

- Naming gift opportunities will not be implemented until the fully funded commitment is in place, unless cash flow is provided to fund the project annually.
- The University may recognize the gift with an appropriate public announcement unless directed otherwise by the donor.
- Naming opportunities shall be subject to the terms and conditions of the University's Policy and Guidelines for Naming University Assets.

## **Gift Crediting Policies**

- **Cash/Credit Card**

Cash and credit card payments will be credited to the donor at full current value on the date of the gift.

- **Publicly-Traded Securities**

Gifts of readily marketable securities will be credited at the full fair market value based on the average of the high and low quoted selling price on the day the donor relinquishes control of the asset to the University. Shares of mutual funds will be credited at the net asset value of the shares on the gift date. The University's general policy is for securities to be sold immediately by the University through its agent or representative. No employee or volunteer may make a commitment to a donor that a particular security will be held by the University, unless otherwise directed by an authorized University officer.

- **Closely-Held Securities**

Gifts of securities that are not publicly traded will be accepted at the discretion of the University on a case-by-case evaluation of the conditions affecting the eventual sale of the securities by the University. Such gifts will be credited at fair market value as determined by a qualified, independent appraiser secured and compensated by the donor. If restrictions are placed on the securities by the donor or by the terms of the securities themselves, acceptance of the gift shall be subject to prior approval by the University.

- **Matching Gifts**

Matching gifts received from organizations and corporations will be credited to the organization or company that makes the matching gift. The individual recommending the matching gift will also receive recognition. Payments from matching gift organizations may be applied as payment toward an individual's pledge only if allowed by the matching organization. The matching gift will be used for the same purpose as the recommending donor's original gift, unless that use is prohibited by the matching gift organization's guidelines.

- **Gifts-in-Kind/Tangible Personal Property**

The University welcomes gifts of tangible personal property and gifts-in-kind, which can include works of art, books, or equipment.

The University has the discretion to accept or decline gifts of tangible personal property or gifts-in-kind, based on their relevance to the University's mission, restrictions on retention or sale, anticipated difficulties in displaying, storing, or archiving the items, or other factors.

If the donor gives a piece of tangible property with the intention that it be sold immediately, IRS regulations limit the charitable deduction to cost basis.

For more details, please see the *Gift-in-Kind Acceptance Guidelines* in Appendix A.

- **Gifts of Real Estate**

The University will accept gifts of real estate with a fair market value of more than \$100,000, subject to the approval of the University's Real Estate Committee. Donors can make an outright gift of real estate, giving the University either their entire ownership or a portion of it. Donors can transfer the property in a part-sale/part-donation format called a charitable bargain sale or donate their home or farm, reserving the right to continue to live there for the balance of their lives (a retained life estate). Donors may also elect to gift real estate to the University to fund a flexible deferred gift annuity or transfer real estate to a flip charitable remainder trust.

Donors of real estate will receive gift credit for the full fair market value of the property, as determined by a qualified independent appraisal, secured and paid for by the donor, according to IRS regulations. Donors who transfer real estate through a charitable bargain sale will receive gift credit in the amount of the discount they took between market value and the sale price to the University. Donors of a retained life estate will receive gift credit for the fair market value of their property, reduced by the value of their life tenancy.

The University's Real Estate Committee will review all proposed gifts of real estate, and the University has the discretion to accept or decline them based on the condition and marketability of the property and its relevance to the University's mission and long-term investment and financial objectives. Retained life estates will be accepted subject to additional discussions with the donor about responsibility for maintenance of the property and contingencies should the donor/tenant become unable or unwilling to continue to live there.

- **Contributions from Corporations or Foundations**

The University receives support from corporations, corporate foundations, donor advised and community funds, and family and private foundations. These funds provide capital, endowment and programmatic support to its colleges, schools and campus-wide initiatives.

Philanthropic grants from these entities will be addressed in the same manner as gifts received from individual donors.

There may be occasions in which funding from external sponsors is not easily identifiable as a sponsored research grant or a philanthropic gift. For instances where such uncertainty exists, a joint decision will be made by the Office of University Advancement and the Office of Research and Graduate Programs. For more details, please see *Categorizing External Support* in Appendix B.

## **Philanthropic Planning Crediting Policies**

- **Estate Distributions**

Distributions from estates and trusts that are received by the University will be credited at full value on the date that funds are received by the University.

Undesignated bequests and trust distributions will be allocated to the University Annual Fund unless otherwise directed by the President's Office.

- **Charitable Gift Annuities/Deferred Gift Annuities**

Charitable Gift Annuities (CGA) These are contracts between the donor and the University in which the University agrees to make fixed lifetime payments to the donor and/or another beneficiary in exchange for the donor's gift. In order to establish a Gift Annuity, gifts must be a minimum of \$10,000. The minimum age to fund a CGA is 65. For gift counting purposes, gift annuities will be counted at face value. Maximum payment rates for gift annuities are governed by a voluntary schedule set by the American Council on Gift Annuities, although the University reserves the right to offer a donor a lower rate than that suggested by the maximum-rate schedule. The maximum number of beneficiaries for a CGA is two.

Deferred Gift Annuities (DGA): DGAs delay the commencement of income payments until a future date, often coinciding with the beneficiary's retirement. The deferral allows the University to offer a higher income rate, and generates a larger charitable deduction for the donor than would be available from an annuity whose payments begin immediately. This is the planned gift with special appeal to younger donors, who have high current income, need deductions, and want to secure future sources of retirement income. The minimum age to fund a DGA is 40, with income payments deferred until at least age 65. For gift counting purposes, gift annuities will be counted at face value.

- **Charitable Trusts**

Charitable Remainder Trusts (CRT): As individually managed trusts, these are the most flexible life-income gifts that the University offers. They hold a gift of cash, securities, or, in some instances, real estate; pay the donor/beneficiaries income for lifetime or a term of years (up to 20), then distribute the remaining balance to the University. Funds from a CRT become available to the University when the term ends.

Payout rates of a charitable remainder trust are calculated on a percentage basis in consultation with the donor and the University. For gift counting purposes, CRTs will be credited at face value if the payout rate is 5%. If the rate exceeds 5%, gift credit will be limited to donor's tax deduction, which is the same as the present value of the CRT. The minimum amount to fund a CRT is \$100,000 and the minimum age to set up a CRT is 50. The maximum number of beneficiaries is two.

The IRS requires that the present value of Villanova's remainder interest in a CRT, be at least 10 percent of the total value of the gift. The University will work with donors and their advisors to ensure that proposed CRTs meet this requirement and other tax and investment standards.

Revocable Charitable Trust Agreements: Some donors may choose to establish CRTs or other charitable trusts in which they reserve the right to change the designation of the University as the beneficiary of the trust. Because of this revocability, the University will not serve as trustee of such a trust. Donors will receive gift credit in accordance with the policies for bequest intentions.

Charitable Lead Trusts (CLT): A lead trust is the only planned gift that provides an immediate income stream to the University. The lead trust makes an annual payment to the University for the donor's lifetime or a term of years, then terminates and pays the remaining principal to the donor's beneficiaries, usually his/her children. When the income received by the University is paid as an annuity amount the trust is called a Charitable Lead Annuity Trust (CLAT) and where the income is paid as a percentage of the annual value of the trust, the trust is called a Charitable Lead Unitrust (CLUT). The aggregate amount of the anticipated annuity payments to be received by the University over the first five years of the CLAT shall be counted at full value. Anticipated annuity payments to be received in year six and beyond shall be counted at their discounted present value. The aggregate amount of the anticipated CLUT payments to be received over the first five years of the trust, after applying the AFR for the month the trust was established as an anticipated income return, shall be credited at full value. Anticipated payments to be received in year six and beyond shall be credited at their discounted present value. There is no minimum age for a CLAT or CLUT.

- **Life Insurance**

Owner and Beneficiary: A donor may purchase a new life insurance policy and name the University as the owner and beneficiary. The donor will receive an income tax charitable deduction equal to the amount of the premium payments, which will be made to Villanova. Villanova, as policy owner, will make the premium payments. The donor will receive gift credit in the amount of the guaranteed death benefit, regardless of age. The pledge period can be extended to ten years for life insurance policies with a guaranteed death benefit of \$100,000 or more. A donor may also assign the University as the owner and beneficiary of an existing life insurance policy. In this case the donor should receive an income tax deduction for the appraised value of the policy. If additional premium payments are to be made, the donor will make deductible charitable donations equal to the premium payments to the University, and the University will pay the premiums. The donor will receive gift credit in the amount of the guaranteed death benefit, regardless of age.

Beneficiary Designation: When a donor makes the University the beneficiary of a life insurance policy, the donor must turn age 65 before December 31, 2018 for this gift to be credited. It will be credited at face value, usually the same as the death benefit, of the policy. If the donor will not turn age 65 before December 31, 2018 they will be recognized as members of the 1842 Heritage Society, but will not receive gift credit.

- **Bequest Intentions**

The University is grateful to donors who choose to include the University in their estate. The University will credit the face value of documented bequest intentions for donors who turn age 65 before December 31, 2018.



## APPENDIX A:

### **Gift-in-Kind Acceptance Guidelines**

**Definition:** A Gift-in-Kind is defined as a voluntary non-cash donation of materials, goods or long-lived assets that are directly related to the mission of Villanova University. Generally, Villanova accepts gifts that have a University-related use, directly support students, faculty or staff, or can easily be sold to provide revenue for the University. .

**Deductible as Charitable Contributions:** Examples include, but are not limited to, items such as lab equipment, computer hardware and software, printed materials and artwork. So long as the items donated are relevant to the University's mission, gift credit will be provided for their full-market value. Total non-cash contributions valued at more than \$5,000 require the donor to obtain a qualified written appraisal according to IRS guidelines.

#### **Special Rules**

Specific IRS rules exist for contributions of vehicles, boats, and airplanes that may limit the donor's charitable deduction. In addition, the IRS imposes significant additional reporting requirements on the University for these items.

### **Reporting Requirements**

#### **University Reporting Requirements:**

- A Gift-in-Kind Acceptance Form must be completed by a Villanova University representative (and donor or by a University representative on behalf of the donor) and submitted to the Assistant Director of Gift and Pledge Processing. Non-cash gifts documented on a Gift-in-Kind Acceptance Form will count towards accrual to the President's Club.
- For gifts valued in excess of \$5,000 the Gift-in-Kind Acceptance Form must be signed by an Academic Dean or their designee. As per IRS regulations, the University is required to provide an acknowledgment for non-cash gifts that may include the date and description of the gift, *but not the value*.
- Gifts valued in excess of \$5,000: The donor may request that the University complete the donee portion of IRS Form 8283 to confirm receipt of the non-cash gift. Only the Controller, or his/her designee may complete the donee portion of this form on behalf of the University.
- Vehicles boats and airplanes: IRS Form 1098C must be completed by the University and sent to the donor and the IRS. If the University disposes of a gift-in-kind within three years, the University must file IRS Form 8282 with the IRS and send a copy of the form to the original donor.

*NOTE:* All of these requirements have specific deadlines and equally stringent consequences if the IRS's standards are not met. In addition to jeopardizing donors' charitable tax deductions, failure to comply could lead to University financial penalties up to the value of the donation AND the loss of the University's 501 (c) (3) status.

Donor Reporting Requirements: In addition to inclusion on the donor's IRS Form 1040 when filing a tax return:

- Total non-cash contributions valued at more than \$5,000 require the filing of IRS Form 8283 - Non-Cash Charitable Contributions. The donor may have to complete section A, Section B or both, depending on the type of property donated and the amount claimed as a deduction.
- Total non-cash contributions valued at more than \$5,000 require the filing of IRS Form 8283, the donor to obtain a qualified written appraisal and the signature of the Controller, or his/her designee.

**Not Deductible as Charitable Contributions:** The value of a person's or organization's time or service, appraisal fees, or partial interest in property is not allowable as a donation.

- Time and Service: The value of a person's or organization's volunteer time or service could include such things as consulting, accounting or legal work, and contractor or design services.
- Appraisal Fees: Appraisal fees related to establishing the value of the gift-in-kind donation are not allowable as a donation.
- Partial Interest in Property: If the donor maintains partial interest in or ownership of a property, the use of the property cannot be claimed as a donation. Use of a donor's property for a fundraising event, or free use of office space in a donor-owned building are examples where the donor maintains at least partial interest. If the donor relinquishes interest or ownership in a building or piece of real estate and donates it to the University, it would qualify as a donation.

*NOTE:* Because of the complex nature of this type of donation, it is best to consult with the Gift Processing Department prior to receiving any gift-in-kind contribution. The University *cannot* provide tax advice to individuals or companies as to the deductibility of non-cash gifts as charitable contributions.

## **Special Types of Contributions**

Unreimbursed Travel Expense: Volunteers who cover their own travel expenses to carry out formal volunteer duties on behalf of the University can be sent a letter of acknowledgment. The letter should contain the dates and purpose of the volunteer service, but not state a dollar amount.

Bargain Sales: Gift-in-kind credit will be given to restaurants or catering facilities that discount food, beverages, A/V equipment, room and services for donor events. The University will provide an acknowledgement that includes the date and description of the gift, but not the value. As previously stated, the value of services is not deductible as a charitable contribution.

Events: Gifts involving the payment of expenses for an event must be substantiated by both the event receipts and payment documentation to prove who actually paid for the event. The University will provide an acknowledgement that includes the date and description of the gift, but not the dollar value of the expenses paid.

Corporate Services: Gift-in-kind credit will only be given for discounted or donated corporate services in excess of \$2,500. The University will provide an acknowledgement that includes the date and description of the gift, but not the value. The value of services is not deductible as a charitable contribution.

## **Questions**

If you have any questions prior to accepting a Gift-in-Kind, please contact the office of planned giving.

## Resources:

- CASE Reporting Standards and Management Guidelines for Educational Fundraising, 4th Ed., 2009.
- IRS Publication 561 (Rev. April 2007), Determining the Value of Donated Property.  
<http://www.irs.gov/pub/irs-pdf/p561.pdf>
- IRS Publication 1771 (Rev. 9-2011) Charitable Contributions.  
<http://www.irs.gov/pub/irs-pdf/p1771.pdf>
- IRS Form 8283 (Rev. Dec 2012) Noncash Charitable Contributions.  
<http://www.irs.gov/pub/irs-pdf/f8283.pdf>

## **GIFT-IN-KIND ACCEPTANCE FORM**

Villanova University accepts non-cash gifts that have a University-related use, directly support students, faculty or staff, or can easily be sold to provide revenue for the University. Gifts-in-Kind include, but are not limited to, items such as lab equipment, computer hardware and software, printed materials, and artwork. The value of the Gift-in-Kind must be reported at its fair market value on the date of the contribution. In order to accept a Gift-in-Kind this form must be completed by the donor or company and a Villanova University representative. *As per IRS regulations, Villanova will provide an acknowledgement for Gifts-in-Kind with the date and description of the gift, but not the value.*

### **To be completed by donor**

Donor/Contact Name: \_\_\_\_\_

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Provide a description of item(s) being donated or attach an itemized list:

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Estimated Fair Market Value: \_\_\_\_\_

Source of Estimate: \_\_\_\_\_ Donor \_\_\_\_\_ Independent Appraisal (Please include copy of appraisal)

*IRS Form 8283 is not required for gifts under \$500 but is required for gifts over \$500. For gifts over \$5,000, IRS Form 8283 must be signed by a qualified appraiser and Villanova's AVP Finance/Controller.*

### **To be completed by Villanova University Faculty/Staff**

Anticipated Campus Location (e.g. Building/Room): \_\_\_\_\_

College, Department or Program Accepting Donation: \_\_\_\_\_

University-Related use of Donation (Please include a signed corporate agreement, as applicable):

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Faculty/Staff Contact: \_\_\_\_\_ Extension:  
\_\_\_\_\_

*For gifts valued in excess of \$5,000 the Gift-in-Kind Acceptance Form must be signed by an Academic Dean or their designee.*

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Donor ID: \_\_\_\_\_ Soft Credit: \_\_\_\_\_  
Date: \_\_\_\_\_

Please send this completed form and all appropriate supporting documentation to Gift & Pledge Processing. For questions about Gifts-in-Kind, please contact the director of planned giving.

## APPENDIX B

### **Villanova University Categorizing External Support**

External support received by Villanova administrators and/or faculty on behalf of the University can be categorized as either a *philanthropic grant* or *sponsored research grant*. Accurate categorization is necessary to ensure:

- Financial reporting in accordance with federal tax laws and generally accepted accounting principles
- Stewardship as required by the funder
- Assignment of roles and responsibility for grant administration

Villanova defines a philanthropic grant according to current *federal tax law*.

- A philanthropic grant is a voluntary donation made, without expectation of exchange for anything of significant commercial value, to a tax-exempt organization that is operated exclusively for religious, charitable, scientific, literary, or educational purposes (Internal Revenue Code §170(c)(2)(B) and (D); IRS Publication 526).

#### **Other Conditions**

The IRS and the federal tax courts have ruled that funders may attach certain conditions to a philanthropic grant without compromising its charitable nature. These conditions may include:

- Formal reporting requirements
- A specific designation of funds
- An itemized budget, budgetary restrictions

Philanthropic grants are processed by the Office of University Advancement and are counted towards the University's fundraising totals. Sponsored research grants or contracts are processed by the Office of Research Administration, and are, with few exceptions, not counted in fundraising totals.

Villanova will determine the categorization of a grant using the chart on the following page as a guideline. In the event of uncertainty as to whether external support is to be processed as a gift or a sponsored grant, a joint decision will be made by the Office of University Advancement and the Office of Research and Graduate Programs.

## Philanthropic or Sponsored Research Grant Determination

	Sponsored Research	Philanthropic
<b>Source of funds</b>	Government (federal, state, or local) agencies, non-profit organizations, corporations, corporate foundations	Individuals, private foundations, non-profit organizations, corporations, corporate foundations
<b>Award document</b>	Award letter, grant agreement, contract, cooperative agreement document	Award letter, grant agreement, or gift agreement
<b>Purpose/Scope of work</b>	The sponsor specifies how the funds should be used, as outlined in the award document	The donor may restrict the grant to a specific area of interest, department, program, or college, or leave the grant unrestricted
<b>Restrictions on use of funds</b>	Publication, intellectual property, royalty sharing or other specific restrictions may be a part of the award document	No restrictions regarding publication, intellectual property, royalty sharing in the award document
<b>Reporting requirements</b>	Terms of the award requires reports related to the performance of specific duties or activities dealing with substantive aspects of the work as well as demonstration of fiscal accountability by submission of financial reports. Investigator is obligated to report project results.	The donor may require reports related to the performance of specific duties or activities, budgetary expenditure reports, progress reports, and/or final reports
<b>Deadline/Terms</b>	Terms of the award typically stipulate that the project is to be conducted within a specified period of performance.	Funds must be expended within the time frame agreed upon by the University and donor
<b>Indirect costs</b>	Follow the University rate structure, currently charged as a percentage of all salaries and wages (benefits are included in indirect costs). Rate may be limited by sponsor.	Generally not applicable
<b>Unused funds</b>	Terms of the award may include a stipulation that unused funds be returned to the sponsor.	Funds must be used for the designated purpose agreed upon by the University and the donor